

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
SAN FERNANDO REDEVELOPMENT AGENCY**

MEMORANDUM

TO: Chairperson Judith N. Frank and Oversight Board Members

FROM: Don Penman, Interim City Manager
By: Rafaela King, Interim Finance Director

DATE: September 12, 2013

SUBJECT: Discussion, Consideration, and Possible Adoption of Resolution No. 11 Approving the Successor Agency to the San Fernando Redevelopment Agency Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead and Other Expenses between the City and the Successor Agency (Contract No. 1723)

RECOMMENDATION:

It is recommended that the Oversight Board of the Successor Agency to the San Fernando Redevelopment Agency adopt Resolution No. 11 (Attachment "A") approving the Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead and Other Expenses between the City and the Successor Agency (Exhibit "A" – Contract No. 1723) and take certain other related actions.

BACKGROUND:

Pursuant to AB X1 26 and AB 1484, the Successor Agency must prepare a proposed administrative budget and a Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period, both of which must be submitted to the Oversight Board for approval. Each proposed administrative budget must include all of the following: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and, (3) proposals for arrangements for administrative and operations services provided by the City or other entity.

The Successor Agency is required to submit the ROPS No. 13-14B to the Oversight Board for approval and then submit the Oversight Board-approved ROPS No. 13-14B to the State Department of Finance (DOF), State Controller, and the County Auditor-Controller no later than October 1, 2013. Staff prepared a ROPS No. 13-14B, Administrative Budget No. 5 (ROPS 13-14B) and brought for the Oversight Board's approval at the September 12, 2013 regular meeting as a separate agenda item. In order to comply with applicable State law, Successor Agency staff

is requesting Oversight Board approval of the attached Cooperative Agreement Resolution (Exhibit A of Attachment “A”) for the 2013-2014 Fiscal Year.

The attached Resolution approves the Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead and Other Expenses between the City and the Successor Agency. As discussed above, the approved administrative budgets must include proposals for arrangements for administrative and operations services provided by the City or another entity. The Cooperative Agreement provides for the Successor Agency to use the City’s staff, facilities, and other resources for the administration and operations of the Successor Agency and for the Successor Agency to reimburse the City for such advances.

Under AB 1484, the Oversight Board must take actions by resolution and must provide DOF, by electronic means, written notice and information about the Oversight Board’s action.

ANALYSIS:

Administrative Cost Assessment

Under AB X1 26 and AB 1484, an “Administrative Cost Allowance” is paid to the Successor Agency from property tax revenues allocated by the County Auditor-Controller. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to 3% of the property tax allocated for enforceable obligations from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller. The amount shall not be less than \$250,000 for any fiscal year unless the Oversight Board reduces this amount. It is estimated that the Successor Agency to the San Fernando Redevelopment Agency administrative expenses will be \$125,000 for the reported six-month period. It is also important to note that the Administrative Cost Allowance is subject to reduction if there are insufficient funds to pay the enforceable obligations as listed on the ROPS for the same six-month fiscal period.

Environment Assessment

It is staff’s assessment that the administrative actions undertaken by the Successor Agency and the Oversight Board, as it relates to the approval of the attached Resolution and implementation of the Cooperative Agreement, is not a project under California Environmental Quality Act and will not have any significant environmental impact therefore no additional action is required.

CONCLUSION:

Adoption of the attached Resolution will provide the reimbursement of administrative costs to the maximum allowable under applicable state law and therefore ensuring that a portion the

Discussion, Consideration, and Possible Adoption of Resolution No. 11 Approving the Successor Agency to the San Fernando Redevelopment Agency Cooperative Agreement 1725 for Advance and Reimbursement of Administrative, Overhead and Other Expenses between the City and the Successor Agency (Contract No. 1723)
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administrative expenses to undertake the Successor Agency's work to wind down the affairs of the dissolved redevelopment agencies pursuant to applicable state regulations.

ATTACHMENT:

A. Resolution No. 11

RESOLUTION NO. 11

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY APPROVING THE COOPERATIVE AGREEMENT FOR ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE, OVERHEAD AND OTHER EXPENSES BETWEEN THE CITY AND THE SUCCESSOR AGENCY AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

RECITALS:

A. Pursuant to Health and Safety Code Section 34171(d)(1)(F), contracts or agreements necessary for the administration or operation of the Successor Agency are enforceable obligations and pursuant to Health and Safety Code Sections 34173(h), 34178(a) and 341180(h), the Successor Agency may enter into agreements with the City with the approval of the Oversight Board.

B. The Successor Agency has submitted to the Oversight Board the Cooperative Agreement for Advancement and Reimbursement of Administrative, Overhead and Other Expenses between the City and the Successor Agency, attached hereto as Exhibit "A" and incorporated herein by reference (the "Cooperative Agreement"), which provides for the Successor Agency to use the City's staff, facilities, and other resources for the administration and operations of the Successor Agency and for the Successor Agency to reimburse the City for such advances.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the Cooperative Agreement attached hereto as Exhibit "A".

Section 3 The staff of the Successor Agency is hereby directed to provide the State Department of Finance ("DOF") written notice and information regarding the action taken by the Oversight Board in Section 2 of this Resolution. Such notice and information shall be provided by electronic means and in a manner of DOF's choosing.

Section 4 The officers of the Oversight Board and the staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED, APPROVED, AND ADOPTED this 12th day of September, 2013.

Judith N. Frank, Chairperson

ATTEST:

Ivonne Evelyn Umana, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the Oversight Board of the Successor Agency to the San Fernando Redevelopment Agency held on the 12th day of September, 2013, by the following vote to wit:

AYES:

NOES:

ABSENT:

Ivonne Evelyn Umana, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

**COOPERATIVE AGREEMENT FOR ADVANCE AND REIMBURSEMENT OF
ADMINISTRATIVE, OVERHEAD AND OTHER EXPENSES**

This COOPERATIVE AGREEMENT FOR ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE, OVERHEAD AND OTHER EXPENSES (this "Agreement") is entered into as of July 11, 2013, by and between the City of San Fernando (the "City") and the Successor Agency to the San Fernando Redevelopment Agency (the "Successor Agency").

RECITALS:

- A. The Successor Agency is required to undertake a number of actions pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) ("Part 1.85"), including winding down the affairs of the former San Fernando Redevelopment Agency ("Agency") pursuant to Health and Safety Code Section 34177(h).
- B. Pursuant to Health and Safety Code Section 34171(d)(1)(F), contracts or agreements necessary for the administration or operation of the Successor Agency are enforceable obligations.
- C. Pursuant to Health and Safety Code Sections 34178(a) and 34180(h), with the approval of the oversight board, the Successor Agency may enter into agreements with the City.
- D. In connection with the administration and operations of the Successor Agency, the Successor Agency is and will be utilizing the staff, facilities, and other resources of the City.
- E. The City Manager of the City serves as Executive Director of the Successor Agency, the Treasurer serves as Finance Officer of the Successor Agency, and the City Clerk serves as Secretary to the Successor Agency. Planning, finance, engineering, public works, and other City departments devote and are expected to devote substantial time with respect to the administration and operations of the Successor Agency, including gathering information relating to the Agency's enforceable obligations, conferring with public officials representing governmental agencies, and undertaking other activities in connection with winding down the affairs of the Agency.
- F. By providing and making available to the Successor Agency the staff, facilities, services, and other resources of the City, including, without limitation, consultants, legal counsel, office space, equipment, supplies, and insurance, necessary to the administration and operations of the Successor Agency, the City has advanced and will continue to advance the cost of the foregoing to the Successor Agency.
- G. The City and the Successor Agency desire to enter into this Agreement to acknowledge the foregoing recitals and to provide for an appropriate method of reimbursement of such advances by the Successor Agency to the City.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

Section 1. The City shall make available to the Successor Agency its staff, facilities, services, and other resources, including, without limitation, consultants, legal counsel, office space, equipment, supplies, and insurance, necessary to the administration and operations of the Successor Agency. The Successor Agency shall have access to the foregoing staff, facilities, services, and other resources of the City.

Section 2. The value of the City staff, including all employee retirement and other benefits, facilities, services, and other resources of the City, including, without limitation, office space, equipment, supplies, and insurance, necessary to the administration and operations of the Successor Agency made, and to be made, available to the Successor Agency for each six-month fiscal period beginning with the fiscal period commencing on July 1, 2013 and ending on June 30, 2014, determined in accordance with Section 3 hereof, shall constitute an advance to the Successor Agency by the City for each six-month fiscal period, to be repaid in accordance with Section 4 of this Agreement.

Section 3. The City Manager has prepared a cost accounting plan attached hereto as Exhibit 1 and incorporated herein by reference, based upon reasonable allocations and generally accepted cost accounting principles, documenting the value of the City staff, including all employee retirement and other benefits, and the facilities, services, and other resources of the City made, or to be made available, to the Successor Agency pursuant to Section 1 hereof for each six-month fiscal period beginning with the fiscal period commencing on July 1, 2013 and ending on June 30, 2014. For each six month fiscal period, or such other times as the City Manager deems appropriate, the City Manager shall review the cost accounting plan for its accuracy in reflecting the value of City staff and resources advanced to the Successor Agency. The City Manager shall revise the cost accounting plan as he or she determines is necessary based on such periodic review.

Section 4. Within a reasonable time following the beginning of each six month fiscal period, beginning with the fiscal period commencing on July 1, 2013 and ending on June 30, 2014, the Successor Agency shall pay the City the amount of the reimbursement set forth in Exhibit 1 from available funds of the Successor Agency. In the event that insufficient funds are available to the Successor Agency, any unpaid amounts shall be carried over to the next six-month fiscal period. The beginning balance of the amount carried over due to insufficient funds from fiscal year 2012-2013 is \$162,611.

Section 5. The parties hereto agree to take all appropriate steps and execute any documents which may reasonably be necessary or convenient to implement the intent of this Agreement.

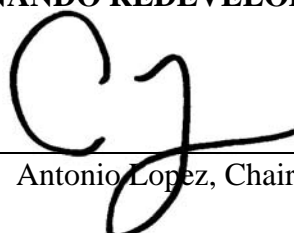
Section 6. Each party shall maintain books and records regarding its duties pursuant to this Agreement. Such books and records shall be available for inspection by the officers and agents of the other party at all reasonable times.

Section 7. This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed.

Section 8. This Agreement will become effective upon approval of the Oversight Board to the Successor Agency.

Section 9. This Agreement may be amended at any time, and from time to time, by an agreement executed by both parties to this Agreement and approved by the Oversight Board to the Successor Agency.

SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY

By  _____
Antonio Lopez, Chair

ATTEST:



Elena G. Chávez, Secretary

CITY OF SAN FERNANDO

By  _____
Antonio Lopez, Mayor

ATTEST:



Elena G. Chávez, City Clerk

APPROVED:

Oversight Board to the Successor
Agency to the San Fernando
Redevelopment Agency

Date

Name of Successor Agency: Successor Agency of the City of San Fernando Redevelopment Agency

Project Area(s) All

ALLOCATION METHOD - for the period of July 1, 2013 - December 31, 2013

Project Name / Debt Obligation	Payee	Description	City %	Successor Agency %	Total
Direct Employee Costs	Employees of Agency/City of San Fernando	Payroll for employees working on direct projects w/in the former RDA			\$ -
	Positions:	City Planner	20%	80%	100%
		City Administrator	60%	40%	100%
		Executive Assistant to City Administrator	80%	20%	100%
Annual Audit	Van Lant & Fankhanel, LLP	Annual Financial Audit Reports		100%	100%
Legal Services	Richards, Watson & Gershon	Legal services provided to the RDA		100%	100%
Legal Services	Olivarez, Madrugoa, P.C.	Legal services provided to the RDA		100%	100%
SCO Transaction Report	Thales Consulting	Preparation of the State Controller's Financial Transaction Report		100%	100%
Advertising for Reso/Ordinance	Various	Required public notices & outreach		100%	100%
Consulting Services	HdL	Consulting services for financials, financial reporting, and bond services		100%	100%
Consulting Services	Seifel Consulting Inc.	Consulting services for Redevelopment Dissolution Services		100%	100%
Overhead Allocation - Administrative Services	City of San Fernando	\$250,000 annual allocation for general admin costs per AB 26			
		City Administrator Department (\$38,339 annually)		9%	
		City Clerk Department (\$15,590 annually)		4%	
		City Council (\$21,967 annually)		5%	
		City Treasurer Department (\$25,309 annually)		6%	
		Personnel Department (\$5,196 annually)		1%	
		Finance Department (\$219,752 annually)		54%	
		Non Departmental (\$32,028 annually)		8%	
		Building Use (\$50,760 annually)		12%	
		Equipment (\$218 annually)		1%	
LAUSD Litigation	Attorney representing City	Ongoing litigation			100%
Wilshire Ventures - Attorney Fees	Attorney representing City	Ongoing litigation for Wilshire Venture			100%
					100%

Name of Successor Agency:

Successor Agency of the City of San Fernando Redevelopment Agency

Project Area(s)

All

ALLOCATION METHOD - for the period of January 1, 2014 - June 30, 2014

Project Name / Debt Obligation	Payee	Description	City %	Successor Agency %	Total
Direct Employee Costs	Employees of Agency/City of San Fernando	Payroll for employees working on direct projects w/in the former RDA			\$ -
	Positions:	City Planner	20%	80%	100%
		Assistant Planner (Housing)	25%	75%	100%
		City Administrator	60%	40%	100%
		Executive Assistant to City Administrator	80%	20%	100%
Annual Audit	Van Lant & Fankhanel, LLP	Annual Financial Audit Reports		100%	100%
Legal Services	Richards, Watson & Gershon	Legal services provided to the RDA		100%	100%
Legal Services	Olivarez, Madruga, P.C.	Legal services provided to the RDA		100%	100%
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		Non Departmental (\$32,028 annually)		8%	
		Building Use (\$50,760 annually)		12%	
		Equipment (\$218 annually)		1%	
					100%
LAUSD Litigation	Attorney representing City	Ongoing litigation		100.0%	100%
Wilshire Ventures - Attorney Fees	Attorney representing City	Ongoing litigation for Wilshire Venture		100.0%	100%